

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:3323
ANSWERED ON:18.12.2015
Foreign Capital Investment
Hegde Shri Anant Kumar Dattatreya

Will the Minister of FINANCE be pleased to state:

- (a) whether the Government encourages Foreign Capital Investment in form of technology, brands etc. in the country;
- (b) if so, the details thereof; and
- (c) whether foreign companies get any royalty/benefits from their investment in the country and if so the details thereof?

Answer

Minister of State in the Ministry of Finance (SHRI JAYANT SINHA)

(a) to (c) Yes, Sir. The Government has taken several measures to encourage investment in various sectors including in form of technology, brands. Government vide Press Note 8 (2009 Series) dated 16.12.20A9 had permitted payments for royalty, lump sum fee for transfer of technology and payments for use of trademark/brand name on automatic route subject to Foreign Exchange Management (Current Account Transactions) Rules, 2000. The move was expected to freely promote the transfer of state of art technology into the country.

Further, in March 2015, Reserve Bank of India (RBI) had released the data of the Survey on Foreign Collaboration in Indian Industry covering the years 2A12-13 and 2013-14. This survey captures comprehensive information on various aspects of operations of Indian companies having technical collaboration with foreign companies and the royalty payments made during the reference period. The survey data is available on RBI website:-https://www.rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx. The details of Outflow in form of Dividends and Profits for the past three financial years and the current year is as under:

Outflow in form of Dividend and Profits
(US\$ Million)

Item 2012-13 2013-14 2014-15 2015-16
(April- June'15)

1. Royalty 4159 3980 4820 1485

2. Payment of dividend /profit to Non-resident share holders 3405 4040 3679 743

of which:

Dividend 3268 3728 3290 668

Profit 137 312 389 75

Source: Balance of Payments Statistics, RBI.